GRM NETWORKS
ADVANCED TECHNOLOGY. EXCEPTIONAL SERVICE.

April 18, 2017

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch:

In FCC 16-178, the FCC sought comment "on whether to allocate additional high-cost funding to the voluntary path to the model."[1] That Further Notice of Proposed Rulemaking ("FNPRM") also sought comment on "increasing the budget by a lesser amount."[2] The FNPRM did not solicit feedback on how supplemental model funding could be utilized in a manner more effective and more efficient than proposed by the FCC, however.

Nevertheless, given the importance of this matter, Grand River Mutual ("GRM") submits these comments asking the Commission to consider how best to allocate any new model funding made available.

In the Rate-of-Return Reform Order, the Commission reiterated its guiding principles for USF reform, among them a desire to "distribute support . . . efficiently" and to "extend broadband service where it is cost effective to do so."[3] GRM applauds the FCC's attention to those principles as it has worked to reform the support system for rate-of-return carriers.

Indeed, the FCC's January 24 model offers were efficient and cost effective. Almost $453 million annually was accepted by the 216 model electors and more than a half million locations were

[1] Report and Order and FNPRM FCC 16-178, released December 20, 2016. ¶17.
[2] Ibid. ¶18.
[3] Report and Order FCC 16-33, released March 30, 2016. ¶3.

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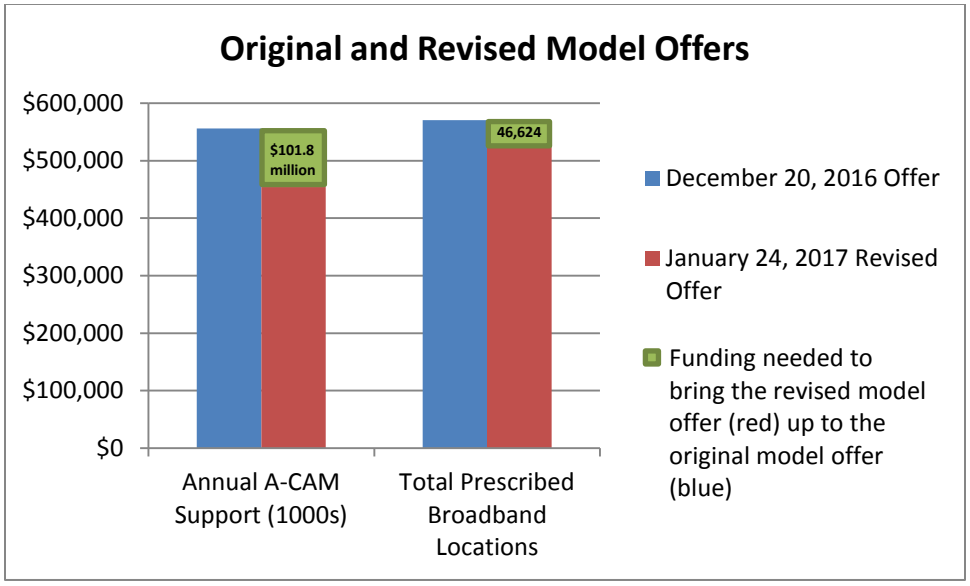
included in the "prescribed buildout."[4] In that way, the FCC impelled rural broadband deployment at less than $1,000 per location per year.

The FCC is now considering whether to fully fund the original model offers (made on December 20, 2016), which would require an additional $100 million annually. GRM agrees with the large number of commenters who urged the FCC to allocate those additional resources to model companies. Such a supplemental offer would also provide efficient and cost effective broadband deployment. The $100 million in additional funding would increase the prescribed buildout by 46,624 locations, an annual cost of $2,182 per location.

As the FCC works to fully fund the original model offers, it could also (at a much lower cost) use accurate model data to fund even more efficient and cost effective broadband deployment.



Grand River Mutual Form 477 Data

On September 23, 2016, Grand River Mutual requested from the FCC a waiver of the Rate-of-Return Order's March 30, 2016 deadline for submission of Form 477 data to be used in the A-CAM.[5] Because of an error by a previous engineering firm, Grand River Mutual over-reported FTTP deployment in more than 200 census blocks. That error resulted in GRM receiving an annual model offer more than $1 million less than it would have received had accurate data

[4] GRM uses "prescribed buildout" to describe obligations tied to specific 4/1 Mbps, 10/1 Mbps, or 25/3 Mbps buildout requirements. That definition excludes the "reasonable request" locations, which, baring such requests, will not see any increase in broadband speeds, so are not a good measure of the efficiency and cost effectiveness of broadband investment.

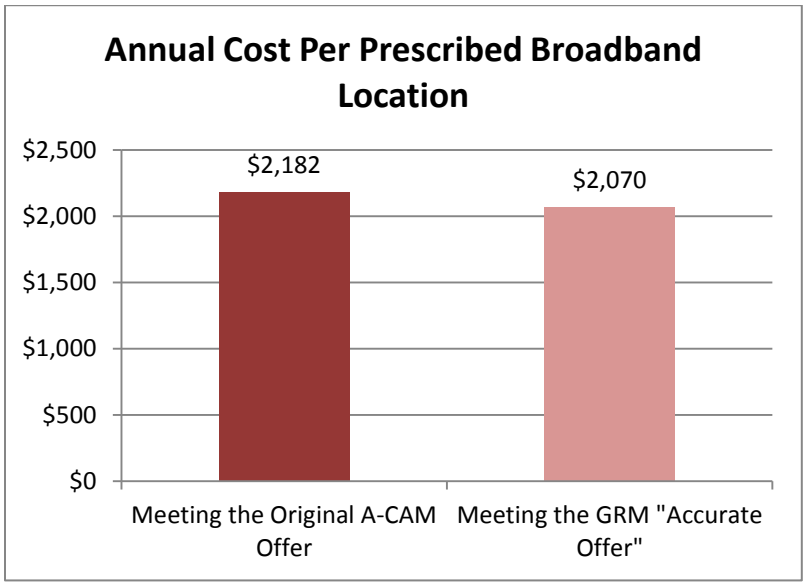
[5] Emergency Request for Expedited Treatment, filed February 23, 2016. Accessed at https://prodnet.www.neca.org/publicationsdocs/wwpdf/92616grand.pdf.

been used to generate the "accurate model offer." GRM filed accurate Form 477 data on September 21, 2016, but the FCC denied the request for a deadline waiver.

This letter does not attempt to re-litigate the legality or prudence of the FCC's refusal to use GRM's accurate Form 477 data when it developed the original and revised model offers. Instead, GRM suggests that the FCC should, as a new policy decision, fund GRM's efficient and cost effective "accurate model offer."

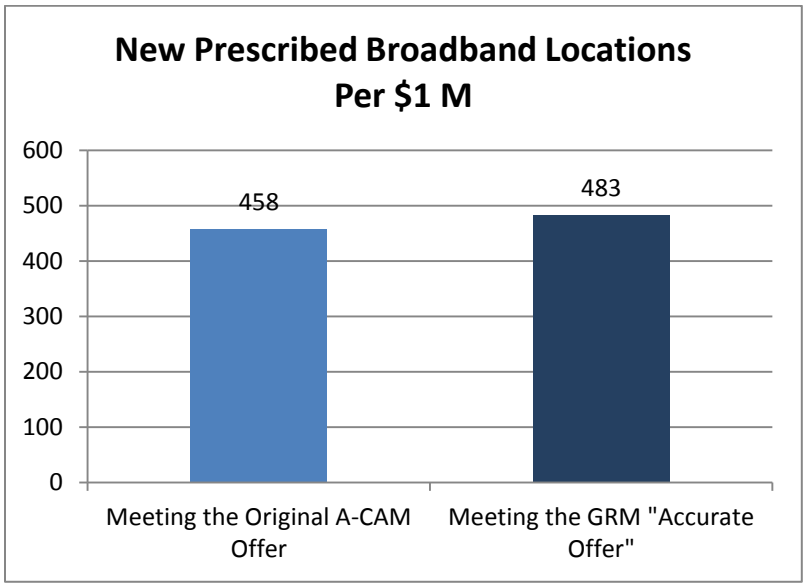
Funding GRM's "accurate model offer" is even more efficient than fully funding the original model offers. With a little more than $1 million of additional funding a year, the FCC can increase GRM's prescribed deployment obligations by 534 locations, at an annual cost of $2,070 per location. That is 5% more efficient than the annual cost of $2,182 per location realized by fully funding the original A-CAM offers.

	Supplemental Support	New Prescribed Broadband Locations	Annual Cost Per Prescribed Broadband Location	New Prescribed Broadband Locations Per $1 M
Meeting the Original A-CAM Offer	$101,752,476	46,624	$2,182	458
Meeting the GRM "Accurate Offer"	$1,182,978	572	$2,070	483



Put another way, for every $1 million of supplemental funding the FCC provides GRM, the prescribed deployment obligations increase by 483 locations. For every $1 million of

supplemental funding the FCC provides all model companies (to fully fund the original offer), the prescribed deployment obligations increase by only 458 locations.



Conclusion

Fully funding the original model offers is good policy and is consistent with the FCC's guiding desire to "distribute support . . . efficiently" and to "extend broadband service where it is cost effective to do so."[6] The FCC can make even more progress in deploying rural broadband if it also funds a model offer based on the already-on-file and accurate GRM June 2015 Form 477 data submitted on September 21, 2016.

Grand River Mutual looks forward to providing the FCC the information it needs to move forward with this additional rural broadband deployment.

Respectfully submitted,

Ronald T. Hinds, CEO
Grand River Mutual Telephone Corporation

[6] Report and Order FCC 16-33, released March 30, 2016. ¶3.

Appendix A

List of Misreported FTTP Census Blocks

Capped	Fully Funded
290819501003090	290819501003144
290819501003091	290819501003181
290819501003173	290819501003182
290819501003180	290819501003209
290819501003184	290819501003336
290819501003275	290819501003352
290819501004045	290819501004033
290819502002071	290819502002051
290819502002086	290819502003007
290819502003019	290819502003203
290819502003042	291294701002058
290819502003056	291294702001008
290819502003107	291294702001123
290819502003108	291294702001144
290819502003118	291294702001155
290819502003140	291294702002035
290819502003175	291294702002039
290819502003177	291294702002115
290819502003186	291294702002125
290819502003187	291294702002134
290819502003204	291294702002141
291154902001017	291294702002142
291154902001029	290819501003187
291294701001018	290819501003191
291294701001078	290819501003351
291294701001088	290819501003354
291294701001097	290819501004030
291294701001129	290819502002068
291294701001155	290819502002171
291294701001170	290819502003000
291294701002004	290819502003021
291294701002020	291294701002019
291294701002059	291294701002067
291294702001100	291294701002206
291294702001113	291294702002104
291294702001145	291294702002121
291294702001150	291294702002126
291294702002030	291294702002163
291294702002031	290819501003185
291294702002032	290819501003283

291294702002033	290819501003320
291294702002077	290819501003327
291294702002144	290819502002084
291294702002160	290819502002170
291294702002162	290819502003001
291294702002183	290819502003091
290759601001049	291294702001112
290819501003170	291294702001138
290819501003222	291294702002064
290819501003238	291294702002065
290819501003324	291294702002103
290819501004034	291294702002129
290819501004043	291294702002143
290819501004058	290819501003188
290819502002083	290819502002052
290819502003043	290819502003050
290819502003077	290819502003081
290819502003194	290819502003086
290819502003197	291294701001113
290819502003202	291294701001169
291154902001016	291294701002014
291154902001028	291294702001014
291294701001005	291294702002073
291294701001012	291294702002187
291294701001015	290819501004151
291294701001090	290819502002060
291294701001141	290819502003008
291294701001177	290819502003010
291294701002070	290819502003079
291294701002174	291294701001140
291294702001116	291294702001109
291294702001118	291294702002131
291294702001135	291294702002159
291294702001140	290819501003197
291294702002105	290819501003325
291294702002107	290819501004031
291294702002109	290819502002058
291294702002110	290819502003017
291294702002184	290819502003073
290759601001000	290819502003084
290819501003210	290819502003116
290819501003282	291294702001101
290819502002046	291294702001146
290819502003114	291294702002038
290819502003121	291294702002063

290819502003195
290819502003223
291154902001020
291154902001030
291294701001004
291294701001076
291294701001108
291294701001135
291294701001156
291294701001180
291294701001181
291294702001006
291294702001111
291294702002066
291294702002087
291294702002154
291294702002182
290819502003139
290819502003208
291294701001073
291294701001117
291294701001119
291294701001148
291294701002170
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291294702001149
291294702001151
291294701001128
291294701001178
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291294702002023
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291294701001157
291294701002061
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290819502003041
290819502003206
291294702002150
290819501003333
291294702001115
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290819501003331
290819502001233
290819502003049
290819502003126
291294702002168
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291294702001099
290819502001231

291294702001142
291294702002170
291294702001139
291294702001124

Appendix B

Estimation of Grand River Mutual's Prescribed Deployment Obligation

Locations in Fully-Funded Census Blocks	Obligation Distribution, Based on Density	Deployment Obligations
474	50% to 25/3 Mbps	237
	50% to 10/1 Mbps	237

Locations in Capped Census Blocks	Obligation Distribution, Based on Density	
390	25% to 4/1 Mbps	98
	75% to reasonable request	293

Prescribed Deployment Obligations	
Speed	**Number of Locations**
25/3 Mbps	237
10/1 Mbps	237
4/1 Mbps	98
TOTAL	572